

SECOND AMENDED**APPLICATION FOR PERMISSION TO CHANGE POINT OF DIVERSION, MANNER
OF USE AND PLACE OF USE OF THE PUBLIC WATERS OF THE STATE OF
NEVADA HERETOFORE APPROPRIATED**Date of filing in State Engineer's Office FEB 25 2002Returned to applicant for correction MAR 07 2002Corrected application filed NOV 07 2002Map filed MAY 06 2002 under 68518

The applicant **Cortez Gold Mines, A joint venture** hereby makes application for permission to change the **point of diversion, manner and place of use of a portion** of water heretofore appropriated under **permit #24664 (C. #7293)**

1. The source of water is **underground (Pediment #1)**
2. The amount of water to be changed **0.11 cfs**
3. The water to be used for **mining, milling, de-watering and domestic**
4. The water heretofore permitted for **mining, milling, and domestic**
5. The water is to be diverted at the following point **within the SE¼ SE¼ Section 31 T.27N, R.48E., M.D.M. from which the NW corner of Sec. 1 T.26N., R47E., bears S.89°05'W., 9,951 ft. dist.**
6. The existing permitted point of diversion is located within **SE¼ NE¼ Sec. 24 (unsurveyed), T.27N., R.47E., M.D.M. or at a point from which the W ¼-sec. corner of Sec. 18, T.27N, R.48E., bears N7°52'16"E., 4,600 .34 ft. dist.**
7. Proposed place of use **all of: Sec. 31 in T.27N., R.48E., and all of: Sec. 6 in T.26N., R.48E., M.D.M.**
8. Existing place of use **all of Secs. 13, 24 & 25 (unsurveyed) in T.27N., R.47E. and all of Secs. 18, 19 & 30, in T.27N., R.48E., M.D.M.**
9. Use will be from **January 1 to December 31** of each year.
10. Use was permitted from **January 1 to December 31** of each year.
11. Description of proposed works **drilled and cased well, gravel packing, submersible pump & motor, storage tanks and pipeline distribution network**
12. Estimated cost of works **\$120,000.00**
13. Estimated time required to construct works **two years**

14. Estimated time required to complete the application of water to beneficial use **five years**

15. Remarks: **An application for exploratory drilling waiver has been filed, to discover the aquifer characteristics, and to determine location(s) and magnitude of future diversions for appropriate de-watering of ore deposit prior to mining.**

S/ William A Nisbet
By William A Nisbet, Agent
421 Court Street
Elko, NV 89801

Compared sg/cmf lb/cmf

Protested _____

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit to change the point of diversion, place of use and manner of use of a portion of the waters of an underground source as heretofore granted under Permit 24664, Certificate 7293 is issued subject to the terms and conditions imposed in said Permit 24664, Certificate 7293 and with the understanding that no other rights on the source will be affected by the change proposed herein. The well shall be equipped with a 2-inch opening and a totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of the water begins or before the proof of completion of work is filed. If the well is flowing, a valve must be installed and maintained to prevent waste. This source is located within an area designated by the State Engineer pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted at any and all times.

This permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

The total combined duty of water under Permits 24663, Certificate 7292; 24664, Certificate 7293; 46224, Certificate 12482; 46225, Certificate 12483; 58187-E, 58188-E, 58189-E, 58190-E, 58191-E, 58192-E, 58985-E, 59339, 59340, 64545 and 68518 shall not exceed 1035.4 acre-feet annually.

This permit is issued under the preferred use provisions of NRS Chapter 534. The manner of use of water under this permit is by nature of its activity a temporary use and any application to change the manner of use granted under this permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the ground water basin.

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

Monthly records shall be kept of the amount of water pumped from this well and the records submitted to the State Engineer on a quarterly basis within 15 days after the end of each calendar quarter.

(CONTINUED ON PAGE 3)

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed 0.11 cubic feet per second, but not to exceed 79.64 acre-feet annually.

Work must be prosecuted with reasonable diligence and be completed on or before:

November 16, 2003.

Proof of completion of work shall be filed before:

December 16, 2003

Water must be placed to beneficial use on or before:

November 16, 2005

Proof of the application of water to beneficial use shall be filed on or before:

December 16, 2005

Map in support of proof of beneficial use shall be filed on or before:

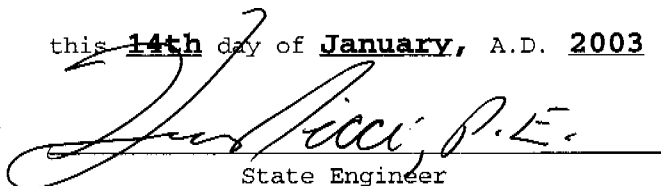
N/A

IN TESTIMONY WHEREOF, I, HUGH RICCI, P.E.,

State Engineer of Nevada, have hereunto set

my hand and the seal of my office,

this 14th day of January, A.D. 2003


State Engineer

Completion of work filed DEC 17 2003

Proof of beneficial use filed _____

Cultural map filed N/A

Certificate No. _____ Issued _____